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SUBJECT: PRC/UN: SCALE ASSESSMENTS AND UN REFORM

Classified By: Political External Unit Chief Edgard Kagan. Reasons 1.4  
(b/d).

Summary

1. (C) The PRC is concerned at Japan's proposal to change the UN Scale of Assessments and is working to solidify its support with G-77 members to block the changes, according to MFA IO Department UN Division Director Yang Tao. Yang told Poloffs April 5 that Beijing is unhappy with the U.S. proposal to base assessments on a Purchasing Power Parity (PPP) model of GDP, but does not believe there is much danger that it will be adopted. Noting that the UN Fifth Committee failed to adopt a resolution on reform for the first time in ten years due to Russian and Chinese opposition to Japan's proposal, Yang said Beijing worries that Washington will publicly back Tokyo's proposal. He cautioned that the need to solidify G-77 support might force China to take a clearer stance on UN Management Reform, which is likely to result in greater support for the G-77 position. Poloffs cautioned against linking management reform to the scale of assessments. End Summary.

2. (C) During an April 5 meeting with Poloffs, MFA IO Department UN Division Director Yang Tao said the PRC is very concerned about the Japanese proposal to change the UN Scale of Assessments to require Permanent Members of the Security Council to pay a minimum of five percent of the UN regular budget. Yang said Beijing is unhappy at the public message that it is not living up to its responsibilities as a P-5 member as well as the possibility of seeing a significant increase in its UN dues. He commented that the resentment that most UN members feel toward the P-5 has helped the Japanese proposal gain traction within the General Assembly, forcing Beijing to scramble to build diplomatic support to try to block the change to the scale of assessments.

3. (C) The PRC is particularly worried that the United States will publicly support Japan's proposal, according to Yang. China hopes the United States will openly support the PRC and Russian position that capacity to pay is sacrosanct. While the PRC recognizes the United States may have difficulty backing a PRC/Russian position, it would be enough if the United States does not support Japan's proposal, Yang said. India has submitted a reasonable six-point proposal, which China supports. It is not necessary to upset the status quo, he argued.

4. (C) Poloffs emphasized the U.S. view that purchasing power parity (PPP) is a reasonable economic measure of a given country's capacity to pay. Yang said the PRC believes that PPP calculations measure a country's capacity to consume rather than its capacity to pay. More importantly, Beijing assesses that there is no significant support within the

General Assembly or on the Fifth Committee for the U.S. proposal, as most countries are very reluctant to move to a new yardstick that is not used anywhere else in the UN system. Yang added that a number of states are uncomfortable with the Japanese proposal's expansion of the special status of the P-5 beyond the Security Council.

15. (C) Yang noted that Beijing has stated its support for the 22 percent cap on U.S. dues but cautioned that revisiting the longstanding principle of basing UN dues on the "capacity to pay," might encourage some countries to reconsider the principle of setting ceilings on contributions. Hastening to add that the PRC has no desire to reopen this issue, he then noted that the threat posed by the Japanese proposal might require the PRC to work to strengthen support from G-77 members, many of whom might want to reopen debate on a variety of issues. In that regard, Yang said that G-77 members are unhappy with Beijing's low profile on management reform, arguing that by not taking clear position, the PRC is providing de facto support to the U.S. Yang said that China has been trying to balance its clear understanding of the need for management reform with maintaining its "role" as representative of the developing world on the P-5.

16. (C) Cautioning against any effort to revisit the dues cap, Poloffs urged strong PRC support for management reform and noted the shortsightedness of linking the issue to the scale of assessments. Yang said that the PRC has a strong interest in management reform, noting that it is already one of the top 10 contributors to the UN Budget. Beijing would like its money to be spent well, but not at the cost of having to spend a lot more money, argued Yang. Poloff urged that China take a long-term perspective and focus on the shared P-5 interest in an effective UN.

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